Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Cross-Ownership of Broadcast Stations and Newspapers	))	MM Docket No. 01-235
	)	
Newspaper/Radio Cross-Ownership Waiver Policy	))	MM Docket No. 96-197
	)	

COMMENTS OF SCHURZ COMMUNICATIONS, INC.

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SUMMARY

Since the newspaper-broadcast cross-ownership ban was initiated, Schurz has both operated and competed against a broadcast-newspaper combination in its home market of South Bend, Indiana. During that 26-year period in which two newspaper-broadcast combinations operated in only the 87th-ranked DMA in the country, the local media market has become only more competitive, with nearly twice as many local radio stations, much higher rates of cable penetration, additional television outlets, and four new Sunday newspaper editions, as well as the advent of the Internet, DBS and (soon) satellite radio. Data on the advertisers and consumers in the market confirm that neither of the newspaper-broadcast combinations are able to exert demonstrable market power: newspapers garner a smaller percentage of local advertising dollars than newspapers nationwide and the DMA's nine daily newspapers collectively receive fewer of the market's total advertising dollars than the DMA's television stations.

But the newspaper-broadcast cross-ownership ban, unlike the other ownership restrictions in Section 73.3555 of the Commission's Rules, remains as rigid as ever. Schurz, despite a corporate culture that encourages an attention to local issues and a corporate structure that involves separate staff for each of its distinct media operations, remains unable to avail itself of the possibilities open to its broadcast competitors. For example, because South Bend has well more than 20 independent voices, a television station owner could acquire 6 radio stations in the market under the

Commission's cross-ownership rules, while Schurz, despite a legacy of localism and public service, cannot add a single one.

In this age of the Internet, where local daily newspapers must compete against newspapers from around the globe as well as the up-to-the-minute web sites of, among others, local broadcast stations, the Commission should not continue to regulate newspaper owners more strictly any other media enterprise. Accordingly, it should eliminate the newspaper-broadcast cross-ownership ban.

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To the Commission:

COMMENTS OF SCHURZ COMMUNICATIONS, INC.

Schurz Communications, Inc. ("Schurz"), by its attorneys and pursuant to Section 1.420 of the Commission's Rules, hereby submits these comments in response to the above-captioned Notice of Proposed Rule Making, which questions whether the Commission should modify its rule restricting the common ownership of a daily newspaper and a broadcast station that serves the newspaper's home community. 1/

Since 1975, when the newspaper-broadcast cross-ownership ban was instituted, Schurz has both operated and competed against a newspaper-broadcast combination in the South Bend-Elkhart, Indiana Designated Market Area (the "South Bend DMA"). Yet, a resident of today's South Bend DMA can access nearly twice as many radio stations, two additional low-power television stations, four additional local

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1/ *In the Matter of Cross-Ownership of Broadcast Station and Newspapers; Newspaper/Radio Cross-Ownership Waiver Policy*, Order and Notice of Proposed Rule Making, MM Docket Nos. 01-235 & 96-197 (released September 20, 2001) (the "Notice"). As the Notice established a comment deadline of December 3, 2001, these comments are timely filed.

Sunday editions (not including the thousands that now are readily available on the Internet), and nearly four times as many basic cable channels as he could in 1975. In light of such an explosion of media alternatives – which is consistent with the increase in media competition nationwide – the Commission should not continue to view every daily newspaper owner as a threat to a media market's level of competition and diversity. Indeed, it is time to recognize the substantial benefits of enabling an area's daily newspaper to bring its commitment to local news and issues to one or more local broadcast stations.

Accordingly, Schurz hereby respectfully requests that the Commission eliminate (or substantially relax) the newspaper-broadcast cross-ownership ban.

I. BACKGROUND

From its inception, Schurz has sought to be the best source for news and information in its home market of South Bend, Indiana. In 1872, Schurz commenced publication of the *South Bend Tribune*, which, despite substantial competition, remains the South Bend DMA's leading daily newspaper. In 1922, Schurz became a broadcast pioneer by initiating operation of WSBT(AM), South Bend, which is now the oldest commercial radio station in the state of Indiana. In 1952, when UHF technology still held as much risk as promise, Schurz constructed what has become the oldest continuously operating UHF station in the United States, WSBT-TV, South Bend.

Finally, a decade later, Schurz brought a commercial FM transmission service to South Bend, with WNSN(FM). 2/

Then, in 1975, the Commission promulgated the newspaper-broadcast cross-ownership ban. 3/ The ban was one aspect of the Commission's effort to increase local ownership diversity by restricting the number of media outlets any party could own in a particular area. In a regulatory environment in which no party could own two same-service stations with overlapping contours, or in which no party could own a VHF television station and any radio station that served substantially the same area, the Commission reasoned that it should likewise prohibit newspaper owners from gaining an unfair competitive or editorial advantage through the acquisition of a local broadcast outlet. 4/ However, the Commission did not perceive the newspaper industry's threat to broadcast diversity to be so great as to order the termination of most existing

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2/ Although Schurz continues to be based in South Bend, where the fourth and fifth generations of its founders' families continue to manage aspects of the company's operations, Schurz also has brought its commitment to local media to other areas of the United States. Today, it owns a total of four television stations, two cable systems, and five radio stations. In addition, in 1996, Schurz again demonstrated its commitment to use new technologies to better serve its core mission by creating its own Internet communications company.

3/ *See Amendment of Sections 73.34, 73.240 and 73.636 of the Commission's Rules Relating to Multiple Ownership of Standard, FM and Television Broadcast Stations*, Second Report & Order, 50 FCC 2d 1046 (1975) (the "*1975 Order*"), *recon.* 53 FCC 2d 589 (1975), *aff'd sub nom FCC v. National Citizens Comm. for Broadcasting*, 436 U.S. 775 (1978).

4/ *Id.* at 1074-76.

newspaper-broadcast combinations, including Schurz's South Bend combination, which were allowed to continue as long as they were not sold. 5/

Today, Schurz continues to operate the *South Bend Tribune*, WSBT(AM), WSBT-TV and WNSN(FM). But media competition in the South Bend DMA has substantially increased. In 1975, there were eight FM radio stations and three AM radio stations located in the South Bend DMA. There were five television stations, no low-power television stations, and nine daily newspapers (at least four of which lacked a Sunday edition). Cable penetration was limited, and there were only 13 channels available.

Today, the South Bend radio metro market is home to 15 FM radio stations and four AM stations (and soon will have access to satellite radio through such national providers as XM Radio). Three new low-power television stations – two in South Bend and one in Berrien Springs, Michigan -- ensure that viewers in the South Bend DMA have access to the four major networks plus the WB network, as well as a PBS affiliate and an independent station. Cable penetration in the DMA has increased to 58 percent, with 50 channels available on the expanded basic tier, including such news and information networks as CNN, Headline News, MSNBC, Fox News, and the Weather Channel. Direct-to-home satellite television, which offers hundreds of channels, also is generally available. Four of the daily newspapers in the DMA have added a Sunday edition, and four of the DMA's nine dailies have a circulation greater than five percent of the DMA's total number of households. There is also substantial

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5/ *Id.* at 1080.

readership of "national" newspapers, such as the *New York Times*, *Wall Street Journal* and *USA Today*, as well as "regional" newspapers from Chicago, Fort Wayne and Indianapolis. And the Internet, generally available to anyone with a computer or a library card, offers immediate access to newspapers and information around the globe.

This increase in media outlets in the relatively small South Bend DMA occurred despite direct competition from *two* newspaper-broadcast combinations. In addition to Schurz's own combination, Federated Media also owns a daily newspaper in nearby Elkhart, Indiana (the *Elkhart Truth*) and a grandfathered AM-FM combination in Elkhart. 6/ But these two combinations have not deterred new entrants to the DMA, including some that have formed other media combinations. For example, LeSea Broadcasting has developed a multi-service combination in the South Bend DMA which includes one television station and two FM stations, as well as an agreement to program a third FM station. Even more recently, Artistic Media Partners has entered the South Bend radio market by acquiring four South Bend radio stations in the past four years. Diversity also has not suffered as a result of the two newspaper-broadcast combinations. Under the voice count analysis used for the Commission's television-radio cross-ownership rule, the South Bend DMA and radio metro market – which, by size, are but the 87th and 165th ranked markets in the country -- collectively include at least 25 independent voices. 7/

6/ To this combination, Federated Media recently has added two radio stations located in the South Bend DMA (WAOR(FM) and WNIL(AM), Niles, Michigan).

7/ This count was based on ratings information in the Arbitron Spring 2000 book.

The market's consumer data confirm its vibrant competition. The *South Bend Tribune*, while the leading newspaper in the market, serves only 39 percent of the DMA's daily newspaper subscribers. 8/ Schurz's television station is in a dead heat with WNDU-TV for local viewers, both as to news and entertainment programming, and Schurz's radio stations are ranked only third and fourth in the market, behind WNDV(FM) (one of the Artistic Partners' four-station cluster) and one of Federated Media's four stations. 9/ In at least one respect, however, Schurz is comfortably ahead of the pack – its radio stations air, on the whole, roughly twice as much news and information programming as their competitors. This is despite the fact that each of Schurz's media outlets is separately staffed, with the exception of the occasional crossover appearance. Schurz explains its focus on news not as a result of any systemic sharing of news or editorial staffs – as neither is the case – but as a result of the company's corporate culture, which emphasizes the importance of news and local content. One result of Schurz's efforts has been the receipt of WSBT(AM) of the Broadcast Pioneers' Golden Mike Award, in honor of WSBT(AM)'s continuing service to its local community. WSBT-TV also is a 2001 recipient of the NAB's Service to America Award.

8/ This number is based on a recent study of the Audit Bureau of Circulation.

9/ *See, e.g.*, February 2001 Nielsen Station Index (showing news ratings to be very close between the two stations); *BIA's Television Yearbook 2001* at 177 (showing WNDU-TV and WSBT-TV to have the same prime time rating); *BIA's Radio Market Report 2001* at Metro Rank 165 (showing average local commercial share for each station in South Bend radio market).

As for advertising revenues, neither of the grandfathered newspaper-broadcast combinations has the highest revenue generating radio or television station in the market. The highest grossing television station in the market is WNDU(TV), owned by stand-alone Michiana Telecasting Corp. WNDV(FM), one of the four stations owned by Artistic Media Partners, is the top radio station. 10/ Also, the power ratio of Schurz's stations – which is an estimate of the number of advertising dollars a station makes per audience share point – is generally lower than those attained by other stations in the market. According to BIA, WSBT(AM) has the second-lowest estimated power ratio in the market, which would be a surprising figure if the station were able to leverage its common ownership with other media outlets to command higher advertising revenues than its audience appeal justifies. 11/

Moreover, much of the market's advertising revenue goes to outlets other than broadcast stations or newspapers. Specifically, a reputable auditing agency -- Ad Audit Services of San Jose, California -- estimates that the shares of net advertising dollars to South Bend media for the year 2000 were distributed to 10 separate media: broadcast television, 24.3%; newspapers, 21.9%; direct mail, 15.2%; radio, 10.1%;

10/ *See BIA's Television Yearbook 2001* at 177; *BIA's Radio Market Report 2001* at Metro Rank 165.

11/ *See id.* WSBT-TV likewise has a lower power ratio than its top competitor in the market, WNDU-TV, as well as another television station in the market, WSJV(TV).

other print, 7.8%; directories, 5.8%, telemarketing, 4.7%; cable television, 4.4%; internet, 4.2%; and outdoor, 1.8%. 12/

These facts demonstrate that the South Bend DMA is not hostage to its two newspaper-broadcast combinations. To the contrary, a four-station radio combination and a stand-alone television station both have demonstrated that they are quite able to compete – both in terms of advertising and audience -- with the two newspaper-broadcast combinations.

II. ACTUAL EXPERIENCE WITH NEWSPAPER-BROADCAST COMBINATIONS, AS WELL AS CHANGES IN THE MEDIA MARKETPLACE AND BROADCAST REGULATION, COMPEL ELIMINATION OF THE OUTDATED NEWSPAPER-BROADCAST CROSS-OWNERSHIP BAN.

A. Schurz's Experiences in the South Bend Market Confirm That the Ban No Longer Is Necessary to Protect the Public Interest.

Despite the presence of the two press-broadcast combinations, South Bend has witnessed a growth of media outlets similar to that seen nationwide. The number of radio stations within the DMA has increased more than 70 percent, which is greater than the national increase of 66 percent. Cable penetration has jumped above 50 percent, both in South Bend and in the nation, and, like 68 percent of the nation, South Bend's cable system has more than 50 channels available to its expanded basic subscribers. Similarly, the Internet is now available in South Bend (and in fact accounted for roughly the same percentage of advertising revenues as did the local

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12/ Local advertising revenues are similarly fragmented, with the DMA's many newspapers receiving roughly 38% of revenues, radio, 16%, broadcast television, 14%; Cable, 3%; Internet, 1%; and the remaining 28% split among several other media alternatives.

cable system). Only in television stations – South Bend has added only three LPTV stations – does the increase in South Bend media outlets trail the national average. On the other hand, South Bend has not lost a single daily newspaper since 1975, which is a substantially better than the national trend.

The growth in the number of media outlets in South Bend is significant in that it parallels that of the nation at large, demonstrating that the presence of even two newspaper-broadcast combinations in a relatively small market still has no demonstrable effect on a market's potential for new outlet diversity. Other data similarly support the proposition that even the presence of a newspaper-television combination has little adverse effect on a typical market. Presumably, if the presence of a newspaper-television combination can force advertisers to pay higher prices for television advertising, a market with grandfathered newspaper-television combinations should have more gross advertising revenues than comparably sized markets. But South Bend's television advertising revenues are entirely consistent with the size of the market. 13/ Additionally, if a newspaper-broadcast combination can leverage its market power to increase advertising revenues, the total percentage of local advertising dollars spent with newspapers, television stations and radio stations (or with any of the three) should be greater in markets with newspaper-broadcast combinations than the national

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13/ Specifically, in 2000, BIA estimates that the South Bend DMA, the 87th ranked in the country, had gross revenues of $45.2 million, which is right in line with the gross revenues of the 86th-ranked DMA (Chattanooga, with $45.1 million), the 88th-ranked DMA (Jackson, Mississippi, with $43.4 million) and is even less than the gross revenues of the nation's 90th-ranked DMA (Davenport, Iowa, with $46.8 million). *See BIA's Television Yearbook 2001* at 177.

average. In fact, in the South Bend market, the total percentage of local advertising dollars spent on newspapers, television and radio stations in the market *is several percentage points below* the national average, with the most notable difference being that only 38 percent, rather than the national average of 45 percent, of local advertising dollars are spent with the DMA's newspapers. 14/

Such hard numbers also are supported by subjective evidence. Schurz cannot recall a single significant complaint that its combination had given it an unfair advantage vis-à-vis an advertiser at any time since the ban was instituted. Were a newspaper-broadcast combination inherently anti-competitive, as a blanket prohibition presupposes, it would be difficult to imagine how such a combination could operate for 25 years without some challenge. Accordingly, both the objective and subjective evidence developed in the South Bend market demonstrate that the ban no longer can be justified by concerns about a scarcity of media alternatives, the risk to other broadcast licensees or the level of competition in the market. 15/

14/ Local advertising expenditures on television stations is 14.4 percent, which closely tracks the national average of 15 percent, and that on radio stations is 15.8 percent, which mirrors the national average of 16 percent. *See* Notice at 21.

15/ In particular, there is no justification for any rule that subjects the acquisition of one same-market radio station by a local newspaper publisher to a higher standard than that same acquisition by a local television station owner. As the South Bend DMA demonstrates, television stations, as a group, often control more total advertising revenue than a DMA's daily newspapers. Many recent reports also credit television stations as being a more important source of news and information than daily newspapers. Accordingly, it makes no sense to continue to require local newspapers to obtain a waiver to acquire a local radio station, while a television station owner can obtain one, four or six, depending on market size, without any filing beyond the bare FCC assignment application.

B. The Commission Must Update the Ban As It Has Updated Other Broadcast Regulations.

1. *The 1975 Justifications for the Ban – Perceived Media Scarcity and the Need to Protect Regulated Broadcast Licensees -- No Longer Apply.*

In deciding to promulgate the newspaper-broadcast cross-ownership ban, the Commission was reacting both to changes in the media market and to a change in its regulatory philosophy. The Commission initially had encouraged newspapers to take the lead in introducing new broadcast technologies to their communities in hopes of increasing the overall number of broadcast outlets. 16/ By 1975, however, growth in the mass media market appeared to have slowed, and the Commission had adopted a new philosophy of trying to maximize the number of separate owners of mass media outlets, largely regardless of other competing concerns, such as the resulting quality of programming or the commercial viability of stations in such fragmented markets. 17/ To this end, the Commission's regulations made it virtually impossible for a broadcast licensee to acquire anything more than two radio stations or one television station in a particular area, which in turn suggested that it was unfair to broadcast licensees to have to compete against newspaper-broadcast combinations, which might use their common

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16/ *1975 Order*, 50 FCC 2d at 1051.

17/ *See id.* at 1075 ("We think that any new licensing should be expected to add to local diversity."). *See also id.* at 1078 (noting that Commission had focused nearly solely on diversity concerns in drafting its proposed ban). Similarly, earlier in the proceeding with ultimately resulted in the ban, the Commission had prohibited the ownership of a VHF television station and radio station (in addition to its existing restrictions against owning two same-service broadcast stations with overlapping contours). *Id.* at 1046-47.

ownership of a second media outlet to benefit their broadcast outlet. Accordingly, the perceived scarcity of new media alternatives and the Commission's own regulatory emphasis on ownership diversity combined to lay the groundwork for promulgation of the newspaper-broadcast cross-ownership ban.

Now, a quarter-century later, neither media scarcity nor the need to protect broadcast licensees justifies the ban. There has been an explosion in the number of mass media outlets, which has resulted in a greater opportunity for viewpoint and source diversity. 18/ The number of radio stations has increased by 66 percent nationwide, and the number of full-service television stations has increased by more than 70 percent. 19/ Growth has not been limited to the number of broadcast media outlets. Cable television has boomed, with nationwide penetration increasing from 13 to 67 percent, with 99 percent of subscribers having more than 30 channels. 20/ DBS and satellite radio have brought (or soon will bring) new programming choices to every market. National newspapers, such as the *USA Today*, and the ready availability of newspapers around the world via the Internet have provided new print competition to the local paper, much as national and regional cable news channels now compete with local television stations. The Internet also delivers other content – including pay-per-play or subscription audio or video content – that once could only have been provided by local broadcast outlets.

18/ *See* Notice at ¶ 9.

19/ *See id.*

20/ *See id.* at ¶ 11.

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This media revolution not only has eliminated any threat of media scarcity that was an initial justification for the ban, but also has created more consumer choice and a more fragmented advertising market. This new marketplace reality has driven the Commission to begin to develop a more nuanced philosophy with regard to broadcast ownership regulations. In the last decade, the Commission has revised a series of broadcast ownership regulations that have proven to be no longer necessary to preserve diversity and competition in the local media market in order to permit limited consolidation in local broadcast markets. The relaxed rules have enabled broadcast stations to enjoy significant efficiencies and increased market power, which in turn have improved the broadcast industry's ability to compete in the new media marketplace. 21/ But such consolidation also should deny any claim that the Commission needs to continue to protect broadcast licensees from the other media combinations.

Accordingly, in the modern business and regulatory environment, none of the justifications for the initial ban continues to exist.

2. *Recent Revisions of Other Broadcast Ownership Regulations Dictate that the Ban Should Be Repealed.*

In fact, the rationales underlying the recent changes to the Commission's broadcast ownership regulations themselves demonstrate that the ban should be eliminated. For example, the Commission has concluded that it should relax its

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21/ *See* 47 C.F.R § 73.3555. Under the revised rules, broadcast station groups may own up to eight radio stations or up to two television stations and six radio stations in many markets. Even in smaller markets, a television station owner can own four local radio stations and can use the efficiencies generated from common operation to enhance its operations.

ownership restrictions when they are no longer necessary to protect advertisers or consumers from an unfair competitive advantage on the part of the media owner. 22/ Accordingly, a newspaper-broadcast combination – which is the combination of two very different businesses with two different business plans -- should provide fewer opportunities for unfair competitive advantage than any intra-broadcast combination.

The Commission also has relaxed its ownership rules in order to encourage the revival of a segment of the media industry. 23/ Of all the forms of media tracked by the Commission, only daily newspapers have declined in number during the time of the ban. Accordingly, consistent with the Commission's efforts to save the radio industry by relaxing local radio ownership bans a decade ago, 24/ it would make sense for the Commission to eliminate the ban now.

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22 / *See, e.g.*, *Review of the Commission's Regulations Governing Television Broadcasting; Television Satellite Stations Review of Policy and Rules*, Report & Order, 14 FCC Rcd 12903 (1999) (relaxing television duopoly rule as it was no longer necessary in current form to protect market participants).

23/ See *Revision of Radio Rules and Policies*, 7 FCC Rcd 2755 (1992), *recon.* 7 FCC Rcd 6387 (1992) (relaxing the national and local radio ownership limits because a "vibrant marketplace" is critical to maintaining viewpoint diversity and "tremendous market fragmentation" had caused "the radio business" to experience "serious economic stress"). It is even possible that the ban itself has resulted in the loss of independent newspapers, as they have gone bankrupt or chosen to merge with other newspapers instead of undergoing the regulatory hassle of a merger with an interested local broadcast licensee. *Cf. Fox Television Stations, Inc.,* 8 FCC Rcd. 5341, 5350 (1993), *aff'd sub nom. Metropolitan Council of NAACP Branches v. FCC,* 46 F.3d 1154 (D.C. Cir. 1995) (explaining that failure to grant waiver of Ban could have resulted in loss of New York Post).

24/ *See Revision of Radio Rules and Policies*, 7 FCC Rcd at 2756.

The Commission has modified its ownership rules in instances where it might appear that failure to do so would bias the marketplace against a particular provider. Implicit in the adoption of the ban was a concern that a newspaper-broadcast combination might have an unfair competitive advantage with regard to more regulated broadcast licensees. 25/ Now, the inverse is true. In light of the recent changes to the Commission's other broadcast ownership regulations, newspapers that have grandfathered broadcast operations are increasingly finding it difficult to compete with pure broadcast combinations, which can increase their ownership in the market substantially beyond the levels available to newspapers. Elimination of the ban would ensure that newspaper owners are not disadvantaged vis-à-vis broadcast licensees.

The Commission has recognized that the substantial increase in the number of media outlets, including the many available on the Internet, has provided consumers and advertisers alike many additional choices if they wish to avoid a particular media combination and has accorded the Commission the opportunity to rely more heavily on the market to protect diversity. 26/ But the rise of the Internet provides three particularly critical reasons to eliminate the ban on newspaper-broadcast combinations:

- A significant use of the Internet has been to allow residents of one city to read remote daily newspapers on-line. In other words, the Internet has created a substantial new competitor for all local daily newspapers much as cable television created a

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25/ *Cf. 1975 Order*, 50 FCC 2d at 1056-59 (citing general competition concerns vis-à-vis other broadcasters as reason to adopt ban).

26/ *See, e.g.*, Notice at ¶ 15.

competitor for all local television broadcast stations (except newspapers cannot claim any local exclusivity rights.)

- The Internet is a real-time alternative to newspapers. Although real-time audio and video delivery through the Internet still is not as smooth as via a good broadcast signal, Internet text may be delivered without significant delay. Accordingly, the effect of the Internet is to enable any party to publish easy-to-access, up-to-the-minute information that was formerly the private domain of the daily newspaper.

- The Commission's reluctance to regulate ownership of Internet sites should mirror its reluctance to regulate newspapers. It is simply not the Commission's function to restrict the operations or ownership of a medium that does not require use of the nation's limited electromagnetic spectrum.

Because the Commission's old rationale for the ban no longer is valid, and the Commission's new rationales for relaxing its ownership regulations also compel modification of the ban, the Commission should eliminate the ban.

C. Elimination of the Ban Also Will Result in Greater Incentives for All Broadcast Stations to Enhance Local News and Information Programming, As Well As Other Public Benefits.

Ironically, the ban precludes the acquisition of local broadcast stations by the class of entities whose primary role is to be in daily contact with the issues important to that locality. Schurz's own radio stations, which air roughly twice as much news as any other station in the market, demonstrate that a newspaper-owned radio station is likely to take local news seriously, even when the owner, like Schurz, does not share staffs between its broadcast and newspaper outlets. The obvious public benefit would be that the newspaper-owned stations are likely to have increased and enhanced news and information programming, to the benefit of their community.

But this benefit does not stop at the newspaper's own stations. A key test of any regulation (or removal thereof) is whether that regulation (or its removal) will ultimately foster incentives that will result in additional public benefits. In this case, that a newspaper-owned broadcast station is likely to increase and improve its local news and information programming creates an incentive for other stations in the market to do likewise. In light of the decreasing number of radio newsrooms, and the resultant loss in source diversity as more and more stations simply rely on CNN or AP or other national sources to provide news, such an incentive could have far-reaching beneficial effects.

In addition, the corporate culture of daily newspapers can offer other benefits that argue in favor of permitting newspaper owners to own broadcast stations. As Schurz demonstrates, many local newspapers have been owned by the same families for dozens or scores of years. Although these newspaper owners may be unwilling to enter a different market to acquire a weak broadcast station, if the ban is lifted, the newspaper owner may be willing to acquire a weak station in its own market, on the theory that its established good will in the market will lead to improvement in the station's performance. The result would be an additional strong voice in the market, which creates more actual competition and diversity for the market's consumers and advertisers.

It also is possible that the elimination of the ban will encourage entry into the newspaper business by permitting local broadcasters to participate. While an existing broadcaster is unlikely to sell its stations in hopes of being able to develop a viable newspaper, it may be more willing to accept the risk inherent in starting a newspaper in the same area as an adjunct to its broadcast operations.

CONCLUSION

Accordingly, Schurz requests that the Commission eliminate the newspaper-broadcast cross-ownership ban.

Respectfully submitted,

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